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Statement by H.E. Mr. José Francisco Rezek,
Minister of External Relations

Please allow me to shift your attention from the important agenda before you and to dwell on some general issues regarding the recent evolution in the world scene and the trading system.

Since we launched the Uruguay Round in Punta del Este five years ago, the world has undergone major changes. There is now a new universalism in the making. A growing belief in the ideals of political and economic freedom opens the way for the reduction of tensions on a global scale.

Not only the magnitude of the changes but also the pace at which they are occurring is impressive. As all periods of rapid change, the one we are facing is rich in opportunities provided we are ready to grasp the significance and direction of the events before us. As in previous similar moments in history, our mission is to push the forces of progress even further, while seeing to it that resistance to change can be removed as smoothly and as painlessly as possible. This is no easy task for, in spite of all the changes around us, old problems still beg for a solution both in the political and in the economic areas. In the political sphere, I only have to instance the rebirth of nationalist forces, sometimes with their ugliest faces.

In the economic field - and not to mention the complex problem of the debt of developing countries - the multilateral trading system shows clearly the tension between the old and the new. Our challenge here is to come up with adequate, equitable and permanent solutions to the problems of yesterday and of today. If we do so, the rewards can be of great significance. If we don't, we will have to bear the responsibility for the missed opportunity.

For the first time since the establishment of the GATT we may build a really universal multilateral trading system. This is reflected in the ever-increasing number of countries that are joining the GATT, a sign of the growing consensus on the value of trade liberalization, under multilateral rules. This is a remarkable achievement. In order that this system can be truly universal, every member must feel that its interests and objectives are being properly addressed. And there lies our present challenge. In successive rounds of trade negotiations, the reduction of

barriers in areas of interest to developing countries has been significantly smaller than liberalization of trade flows among developed nations. Areas of great importance have been left outside GATT. Agriculture, including tropical products, textiles and steel products bear out this argument. Countervailing and anti-dumping measures have been utilized with a clear protectionist purpose.

In the last few years the liberalization effort on the part of many developing countries has not been matched by a similar effort on the part of the industrialized world. Brazil itself is a case in point. We have abolished all non-tariff barriers, embarked on a programme to reduce gradually our tariff levels and are prepared to negotiate a substantial increase in the number of our bindings in the GATT. As a result of the liberalizing measures already taken, imports are growing significantly. And for the first time in many years our monthly trade balance with one of our major trading partners of the developed world showed a deficit instead of a surplus.

It is with these credentials in hand that we request that access to markets for Brazilian products can be substantially improved, as an outcome of the Uruguay Round. Substantive results in the agriculture negotiations are fundamental for efficient producers like Brazil whose comparative advantages are nullified by the distorting practices of the major trading partners. Products of our interest face high tariffs, quantitative restrictions and market displacement as a consequence of measures of domestic support and, most of all, of massive export subsidization.

We are concerned that the increasing bilateralization of the negotiating process could lead to an agreement that does not address our main preoccupations. Such a scenario would result in unbalanced final results, unacceptable for many developing countries.

An open trading system presupposes not only trade liberalization but a set of rules that reflects the different situation and interests of every trading partner. Let us respect diversity and the rule of consensus as the basis of our system, if only because diversity is diminishing and consensus is becoming easier to find.

This is especially important in the new areas of services, intellectual property and trade-related investment measures where the disciplines are new and the gains for developing countries, in the short and medium run, are less than apparent. The new rules in these areas must represent a fair compromise between the development needs of these countries, including those in the technology field, and the access to their markets so avidly sought by their trading partners.

A strengthened multilateral trading system supposes not only the existence of equitable rules but also their application in a transparent and fair manner. As a result of this Round we will certainly see a reinforced mechanism for the settlement of disputes. We welcome such a development that should contribute to the improvement of our institutional framework, provided two conditions are met. First, that it does not

contain unbalanced and one-sided provisions. Second, that such reinforcement is corresponded by a clear adherence of the major partners to the agreed rules and, therefore, by the elimination of unilateral actions or threats thereof.

As we approach what we all hope are the final stages of the Uruguay Round, the weight of the main trading partners tends to be increasingly felt in the shaping of the conclusions. To some extent, this is unavoidable. Let me state however that a large degree of transparency is essential for a successful conclusion. Indeed, at this late hour, transparency may not be enough and actual participation in the negotiations becomes crucial. If countries are not associated with the discussions they will hardly feel themselves bound by the results. The rôle of the Chairman of the TNC and that of the Chairmen of the Negotiating Groups is central in guaranteeing transparency and participation. I wish to reiterate my confidence in their leadership.

In many respects, this Round will ultimately have to be seen not only as a balance of gains but also as a balance of sacrifices that the participants should be willing to make in order to achieve a freer world trade, under clear rules. As you are perfectly aware, Brazil, as, for that matter, many developing countries, has taken more than a fair share of this burden. I don't have to instance the areas in which our response to other partners' demands have entailed far-reaching, often painful, adjustments. It is only too natural that we should expect others to do the same.

As I try to look beyond the Uruguay Round towards the future of the world trading system, some subjects come to mind. By this I do not mean the subjects of a future Round because I hope we can move away from the concept of rounds to a more normal, ongoing process of negotiations.

We have to recognize that a strengthened multilateral trading system supposes effective rules on macroeconomic and financial issues. The trade-finance link must, sooner rather than later, form the basis of our undertakings as trade expansion obviously needs the support of financial flows and stable fiscal and monetary policies.

As we move towards freer flows of investment and growing intra-company trade, rules of fair competition become an element of ever-increasing importance.

Technology is increasingly the key to improved competitiveness and participation in the more dynamic segments of world trade. The issue of access to technology has to be effectively dealt with in future discussions so that we can re-establish a balance between access and protection of proprietary rights, for one is not necessarily a consequence of the other.

Finally, let me refer to a subject to which the CONTRACTING PARTIES Chairman has devoted special attention: trade and environment. In this area, the divergence in national regulations is significant and, therefore, the temptation to adopt unilateral action is a potential source of conflicts. The problem is surely a global one and therefore requires multilateral treatment.

We should clearly distinguish between standards of environment protection, to be discussed and agreed upon in the appropriate fora, and possible trade effects of differing standards. As to the former, let me reaffirm our commitment to a successful United Nations Conference on Environment and Development next year in Rio de Janeiro. As to the latter (that is, trade effects of environmental protection), we hope we can pursue our discussions in the GATT, bearing in mind the links between environment and development, and avoiding any new form of unwarranted protectionism.

I hope the ideas and concepts I have expressed have not strayed us too far from the centre of your preoccupations in this meeting. After all, nothing else could have here higher priority than the restatement of our faith in the multilateral system and, as a consequence, of our renewed commitment to a successful conclusion of the Uruguay Round.